

COST OVERRUNS CERTIFICATE

Date: December 10, 2014

THE TORONTO-DOMINION BANK

AS COLLATERAL AGENT
66 Wellington Street West
9th Floor
Toronto, Ontario M5K 1A2

Gentlemen:

We refer you to the LIL project finance agreement dated as of November 29, 2013 entered into among Labrador - Island Link Limited Partnership (the "**Partnership**"), as borrower LIL Construction Project Trust (the "**Intermediary Trust**"), as lender, Labrador - Island Link Operating Corporation ("**Opco**") and Labrador - Island Link General Partner Corporation (the "**General Partner**"), as credit parties, and The Toronto-Dominion Bank, as collateral agent (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the "**LIL Project Finance Agreement**").

We also refer you to the master definitions agreement dated as of November 29, 2013 entered into among, *inter alia*, the Collateral Agent, BNY Trust Company of Canada, as issuer trustee of Labrador-Island Link Funding Trust, BNY Trust Company of Canada, as trustee of the Intermediary Trust, Nalcor Energy, Labrador-Island Link Holding Corporation, Her Majesty The Queen In Right of the Province of Newfoundland and Labrador, the Partnership, as an obligor, Opco, as an obligor, the General Partner, as an obligor, and Computershare Trust Company of Canada, as the security trustee (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the "**MDA**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in the MDA.


This Cost Overruns Certificate is delivered to you pursuant to subsection 10.28.1 of the LIL Project Finance Agreement.

I, James Meaney, the undersigned, General Manager, Finance of Devco, and General Manager, Finance of the General Partner, in my capacity as an officer and without personal liability, do hereby certify that:

1. I have conducted such investigations as I have deemed necessary to provide the information set out in this report;
2. attached hereto as Schedule "A" is a true and accurate analysis of the Cost to Complete as at the date hereof

3. attached hereto as Schedule "B" is a true and accurate analysis of the Cost Overruns as at the date hereof, with a narrative explanation as to any variances from the Initial Project Budget;
4. the estimated Commissioning Date is currently June 1, 2018; and
5. the Cost Overruns identified in this Cost Overruns Certificate have been funded in accordance with the terms of the LIL Project Finance Agreement, save as otherwise provided in the undertaking and consent addressed to the Collateral Agent and Canada by the Partnership on the 10th day of December, 2014 as acknowledged and consented to by the Collateral Agent and Canada on the 10th day of December ,2014.

Signed at St. John's, Newfoundland and Labrador, this 10th day of December, 2014.


Name: James Meaney
Title: General Manager, Finance

SCHEDULE "A"

The Cost to Complete for the Labrador-Island Link is **\$2,602,242,140**, derived as follows:

**Summary of Cost to Complete
Lower Churchill Project-Phase 1
Labrador-Island Transmission Link (LIL)**

Hard Costs

Description	Incurred Costs Project-to-Date	Final Forecast Cost (FFC)	Cost to Complete
NE-LCP Owners Team, Admin and EPCM Services	\$102,894,886	\$221,238,706	\$118,343,820
Feasibility Engineering	\$21,252,045	\$21,252,045	\$0
Environmental & Regulatory Compliance	\$8,642,345	\$22,305,534	\$13,663,189
Aboriginal Affairs	\$461,082	\$2,244,469	\$1,783,387
Procurement & Construction	\$323,541,183	\$2,441,008,448	\$2,117,467,265
Commercial & Legal	\$12,176,553	\$16,490,164	\$4,313,611
Contingency	\$0	\$61,941,131	\$61,941,131
Total	\$468,968,094	\$2,786,480,497	\$2,317,512,403

Soft Costs

Description	Incurred Costs Project-to-Date	Final Forecast Cost (FFC)	Cost to Complete
Underwriting Fees	\$7,748,523	\$7,755,000	\$6,477
Collateral & Fiscal Agent Fees	\$85,000	\$536,190	\$451,190
Trustee & Administrator Fees	\$69,688	\$352,048	\$282,360
Credit Rating Agencies	\$3,711,684	\$4,757,490	\$1,045,806
Independent Engineer & Insurance Consultant	\$510,387	\$4,167,285	\$3,656,898
Legal & Financial Advisory	\$10,002,656	\$11,824,831	\$1,822,175
Administrative & Other Related Costs	\$659,886	\$1,094,905	\$435,019
Interest During Construction (Net)	\$52,541,005	\$329,570,817	\$277,029,812
Total	\$75,328,829	\$360,058,566	\$284,729,737

NOTE:

1. Hard Cost figures above are per the LIL Construction Report dated November 20, 2014.
2. Soft Cost figures above are per the LIL Funding Request dated November 19, 2014.

SCHEDULE "B"

The Cost Overruns for the Labrador-Island Link is \$240,325,393, derived as follows:

**Summary of Cost Overruns
Lower Churchill Project-Phase 1
Labrador-Island Transmission Link (LIL)**

Hard Costs

Description	Initial Project Budget	Final Forecast Cost (FFC)	Cost Overrun
NE-LCP Owners Team, Admin and EPCM Services	\$247,074,444	\$221,238,706	-\$25,835,738
Feasibility Engineering	\$34,012,162	\$21,252,045	-\$12,760,117
Environmental & Regulatory Compliance	\$25,767,534	\$22,305,534	-\$3,462,000
Aboriginal Affairs	\$2,244,469	\$2,244,469	\$0
Procurement & Construction	\$2,135,211,562	\$2,441,008,448	\$305,796,886
Commercial & Legal	\$22,490,079	\$16,490,164	-\$5,999,915
Contingency	\$79,354,854	\$61,941,131	-\$17,413,723
Total	\$2,546,155,104	\$2,786,480,497	\$240,325,393

Soft Costs

Description	Initial Project Budget	Final Forecast Cost (FFC)	Cost Overrun
Underwriting Fees	\$7,755,000	\$7,755,000	\$0
Collateral & Fiscal Agent Fees	\$536,190	\$536,190	\$0
Trustee & Administrator Fees	\$352,048	\$352,048	\$0
Credit Rating Agencies	\$4,757,490	\$4,757,490	\$0
Independent Engineer & Insurance Consultant	\$4,167,285	\$4,167,285	\$0
Legal & Financial Advisory	\$11,824,831	\$11,824,831	\$0
Administrative & Other Related Costs	\$1,094,905	\$1,094,905	\$0
Interest During Construction (Net)	\$329,570,817	\$329,570,817	\$0
Total	\$360,058,566	\$360,058,566	\$0

NOTE:

1. Final Forecast Cost figures above are per the LIL Construction Report dated November 20, 2014 the LIL Funding Request dated November 19, 2014.
2. The explanation of cost variances compared to the LIL Initial Project Budget is outlined on pages 13-15 of the attached "Muskrat Falls Project Cost Update" document presented to representatives of the Government of Canada and MWH Canada on July 22, 2014.

SCHEDULE "B"

Please see attached "Muskrat Falls Project Cost Update" presentation dated July 22, 3014.